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February 26, 1998

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**STATEMENT OF CHAIRMAN JOEL HEFLEY
SUBCOMMITTEE ON MILITARY INSTALLATIONS AND FACILITIES**

**HEARING ON THE FY1999 BUDGET REQUEST
FOR THE MILITARY CONSTRUCTION AND MILITARY FAMILY HOUSING PROGRAMS
OF THE DEPARTMENT OF DEFENSE
(BUDGET OVERVIEW AND PROGRAMS OF THE DEPARTMENT OF THE ARMY)**

February 26, 1998

This morning, the Subcommittee on Military Installations and Facilities opens its hearings for the second session to take testimony from senior officials of the Department of Defense and the Department of the Army on the President's request for funding for military construction for the coming fiscal year.

At the outset, I want to recognize the fine service Solomon Ortiz has provided to this subcommittee for the previous three years as the ranking member. It has been a pleasure to work so closely with him as this subcommittee has worked to improve the condition of military infrastructure. As he moves on to assume a leadership role on the Subcommittee on Military Readiness, I am gratified that he will retain his seat here so that we may continue to benefit from his experience and judgment.

In his place, an equally able member will step forward. With this hearing, the gentleman from Hawaii, Neil Abercrombie, will assume the duties of ranking member of this subcommittee. Mr. Abercrombie and I have worked together on a number of issues of mutual concern, both here and on the Committee on Resources. He has always made a significant contribution to the work of this subcommittee and I look forward to working more closely with him in his new capacity.

The judgment – and patience – of all members will be especially tested in the coming year as we continue to wrestle with the conflicting signals coming out of the Pentagon. The budget request for FY1999 is simply not sufficient. It falls to keep pace with the levels of funding

Congress has recently authorized and appropriated for military construction and military family housing. This budget request, like the two before it, fail to keep pace with the request of the preceding year and the Administration's own defense planning guidance.

Earlier this month, I expressed to Secretary Cohen and General Shelton my severe disappointment in, and concern with, the FY1999 budget request. I will not repeat everything I said on that occasion, but I do want to review some of the most pertinent budget trends.

The FY1999 budget request represents a 15 percent reduction from current spending, a seven percent cut from last year's request, and a four percent reduction from the budget estimates presented to Congress last year. Since FY1996, the budget request has been slashed by 27 percent. If enacted, it would represent a 30 percent reduction from the program authorized by Congress for FY1996.

I constantly hear that the reductions are driven by reductions in the need for resources for base closure and realignment costs as the last of the operational closures are scheduled to be completed by 2001. That is partly true. BRAC requirements have come down by \$2.2 billion since FY1996. However, that only explains 74 percent of the erosion in the Administration's budget request for military construction funding over the past four years. The remaining funds are coming from investment in enduring installations. The fact is that neither the resources no longer required for BRAC actions, nor the savings reported to come from base closures and realignments, are being retained to invest in the remaining infrastructure. The result is that construction backlogs are increasing and the deferral of basic maintenance and repair, which ultimately leads to critical building failures, continues.

The situation over the course of the next five years is equally bleak. This budget, and the future years defense plan which accompanies it, is build on the assumption that the recommendations of the Quadrennial Defense Review will be implemented. Under those assumptions, the MILCON topline will decline 17 percent from the funding provided by Congress for FY1998. At the same time, the budget contains a funding wedge of \$2.3 billion in FY2002 and FY2003 to support Secretary Cohen's recommendation for two additional rounds of base closure.

The topline will come down; funds will once again be diverted to pay the enormous up-front costs of BRAC; and the inevitable result will be the continued deterioration of basic military infrastructure. In the recent past, the Department of Defense recognized its facilities as operating platforms integral to its military mission. Now, bases seem to be treated solely as "overhead". We want DOD to operate more like a business, but no business I know could treat its facilities so cavalierly and survive in the competitive marketplace.

Just two years ago, after the last round of base closure and realignment decisions were made, a senior official of DOD, testifying before this subcommittee on March 19, 1996, in support of the FY1997 budget request had this to say about the Department's plans.

DOD must revitalize its installation infrastructure by committing – long-term – to replacing its outmoded physical plant, to increasing the emphasis on timely application of maintenance resources, to adopting commercial business practices that result in more cost-effective base operations, and to demolishing facilities that are no longer needed.

At that time, all of the military services were counting on increases in budget authority to modernize their physical plant – increases which the Administration never produced.

This subcommittee has supported the efforts of the Department in adopting better business practices. We have encouraged demolition. We have encouraged better long-term planning and stronger defense planning guidance. We have aided the Department by providing the authority to commercialize the military family housing stock and base utility systems where practical. And, the Congress has provided the additional resources, even while being criticized by the White House and the Office of Management and Budget, to support the strong recommendations of the military services and DOD's civilian leadership that more funds, especially for military housing, were required. We took the time to listen; we took the time to assess the requirement; and we have acted.

The Administration, however, has not yet demonstrated a commitment to sustainable funding for construction or for basic maintenance. The Department assures me every year of its commitment to long-term modernization of enduring installations and the recapitalization of defense infrastructure. In this budget request and DOD's proposals through FY2003, I simply don't see that commitment. We have held up our end of the bargain. It is high time for DOD to do the same.